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TAGS: [PREL](#) [KWBG](#) [ECON](#) [IS](#) [GAZA](#) [DISENGAGEMENT](#)

SUBJECT: PERES ADVISOR AND NSC ADVISOR CITE "SLOWDOWN" IN
DISENGAGEMENT TALKS WITH PA

Classified By: Ambassador Daniel C. Kurtzer for reasons 1.4 (b) and (d)

1. (C) Vice PM Peres advisor Einat Wilf and NSC advisor Gabi Blum told EconCouns in separate meetings that a "slowdown" is taking place in joint GOI-PA technical negotiations, in part because of a proposed 70-point agenda the PA orally presented to the GOI that touches on "final status" issues such as safe passage, and raises legal questions such as the location of Gaza borders following withdrawal. It will take at least three weeks, Wilf said, for the GOI to determine its positions and respond to the PA on these issues. Wilf also emphasized that while the PM will continue publicly disavowing Israeli responsibility for Gaza post-disengagement, Wilf said, the GOI will not seek international recognition that occupation has ended. Both Wilf and Blum noted several areas of continued disagreement between the GOI and the PA, including the GOI's planned West Bank-Gaza rail link; the PA's continued requests for an airport despite their Sharm el-Sheikh agreement to a seaport instead; and "mixed messages" from PA leadership on whether the GOI should demolish settlement houses or transfer them intact. Wilf said PA Civil Affairs Minister Dahlan is unwilling to allow his technical staff to meet with their Israeli counterparts until he has come to agreements on principles and guidance for the negotiations. End summary.

PA's List Requires Internal GOI Talks

2. (C) Einat Wilf, foreign policy advisor to Vice PM Shimon Peres, told EconCouns May 10 that the GOI must meet internally to determine its position on several questions the PA raised in early May as part of an orally-presented 70-item agenda for negotiations. It will take at least three weeks, she said, for the GOI to prepare its response to the PA. These "sticky issues" include the legal status and accepted borders of the Gaza Strip following disengagement, details of the potential continuation of the customs union, the status of settlements in the northern West Bank, and "safe passage" for goods and people between Gaza and the West Bank. On the Gaza Strip, Wilf asserted that the GOI will not seek international recognition of "the end of occupation" once troops and settlers have withdrawn, although PM Sharon will continue to state publicly that Israel will not be responsible for what happens in Gaza post-disengagement. On the customs union, she said the GOI must determine its response to the PA's preference to maintain it and be permitted to carry out customs duties itself. There is a lingering internal dispute over the value of a third party to carry out customs duties within the Israeli envelope, she added, with the Ministry of Industry, Trade, and Labor and the Ministry of Finance reluctant to concede this authority and most other ministries prepared to do so. On the northern West Bank settlements, Wilf explained that the GOI is reluctant to adhere to conventional area demarcations of A, B, or C following withdrawal.

3. (C) On "safe passage," NSC advisor Gabi Blum said she expects that PA President Mahmud Abbas will raise the GOI's planned West Bank-Gaza rail link during his upcoming visit to Washington, and will likely express his concern that a rail link will prejudice final status discussions of safe passage. Wilf emphasized that the GOI is currently not considering alternatives to the back-to-back method of shipping, but intends to increase capacity at the border crossings via new container scanners. Wilf questioned whether any of the USD 50 million earmarked for GOI crossings improvements could go towards the purchase of these scanners, noting that the timing of the supplemental may make this idea unfeasible.

PA Renews Request for Seaport

4. (C) Blum said that PA Civil Affairs Minister Muhammed Dahlan had recently told NSC director Giora Eiland that GOI flexibility on "safe passage" and a fixed-wing airport in Gaza are pre-conditions to beginning more intensive technical coordination. In discussions last week, Blum said, Dahlan had expressed PA concurrence with Eiland's assertion that questions of safe passage cannot be discussed at this time, and that discussions must focus on technical solutions to the need to move goods and people. Dahlan's apparent change of tune, she said, was most likely due to opposition from PM Abu

Ala'a, who wishes to keep "safe passage" on the table for President Abbas' Washington trip. In the GOI's view the airport issue in particular remains a non-starter, she said, on which any forward movement would have to come from the PM,s level. Wilf said that the PA "does not see the difference" between building a seaport and an airport, and has revitalized the push for fixed-wing service despite reportedly accepting the PM,s Sharm el-Sheikh refusal to bring this issue forward.

PA Position on Assets Unclear

15. (C) Wilf and Blum emphasized what they termed recent inconsistencies in the PA,s public position on the transfer of settlement assets. Wilf said that while "PA officials at all levels" had assured Vice PM Peres that the PA would "accept whatever the GOI decides to do" regarding the disposition of settlement houses in tandem with the pullout, Negotiations Affairs Minister Saeb Erekat has recently contradicted this by stating publicly that the PA would prefer demolition and removal of rubble to intact transfer. His statements, Blum said, make it difficult for PM Sharon to make any changes on the planned transfer of assets. Blum noted that the PA made a formal request to the GOI for the settlement asset inventory that included things the GOI cannot deliver for legal and policy reasons, such as the accounting for profits Israeli companies had made in Gaza, but both Blum and Wilf emphasized that the GOI will provide as much information it can in the near future.

16. (C) Comment: While Peres advisor Wilf expressed somewhat more optimism than NSC advisor Blum regarding the potential for progress on GOI-PA negotiations, it seems clear there will be no talks for at least three weeks. Even then, according to Wilf and Blum, Dahlan has stated to the GOI that he wishes to keep discussions centered on the PA's agenda, thus it will likely take additional time for the parties to address the complex but key technical issues surrounding passages and assets.

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